

**STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE**

**BULLETIN 2002-4**

Issued this 14<sup>th</sup> day of June, 2002

**TO:** All Health Insurers Licensed in Minnesota

**RE:** Sixty Percent Loss Ratio Legislation

This bulletin is intended to clarify company health insurance rate filing requirements following the adoption of 2002 Session Laws, chapter 330, House File 2988. This bulletin specifically addresses parts of section 9, codified as Minnesota Statutes, section 62A.021, subdivision 1(g), which reads as follows:

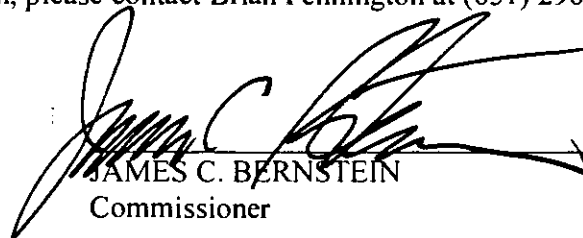
62A.021, subdivision 1. Loss ratio standards.

(g) Notwithstanding paragraphs (a) and (f), the loss ratio shall be 60 percent for a policy or certificate of accident and sickness insurance as defined in section 62A.01, offered by an insurance company licensed under chapter 60A that is assessed less than ten percent of the total annual amount assessed by the Minnesota Comprehensive Health Association. For purposes of the percentage calculation of the association's assessments, an insurance company's assessments include those of its affiliates.

The Department of Commerce will continue to interpret the loss ratio to be a minimum standard. Rates should be .lied to achieve a minimum loss ratio of 60 percent for health insurance policies offered on or after August 1, 2002. The minimum 60 percent loss ratio applies to all health products, whether individual or group, unless a higher or lower loss ratio is specifically provided in statute. A list of the health insurance products that must now comply with the 60 percent loss ratio is attached in an appendix to this bulletin.

Chapter 330, House File 2988, also addresses "file and use", which is explained in Bulletin 2002-5.

If you have any questions regarding this bulletin, please contact Brian Pennington at (651) 296-8218.

  
JAMES C. BERNSTEIN  
Commissioner

To obtain copies of the law, contact either:

Senate Information Office, Room 231  
or  
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Minnesota State Capitol  
75 Constitution Avenue  
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## Minnesota Department of Commerce

### Appendix to Bulletin 2002-4

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The following is a list of the kinds of insurance that must comply with a 60% loss ratio, as required by Minnesota Statutes, section 62A.021, subdivision 1(g), effective August 1, 2002. This law not only specifically includes policies issued or delivered to individuals or small employers, it goes further to include group and individual policies and certificates of accident and sickness insurance as defined in section 62A.01, offered by an insurance company licensed under chapter 60A that is assessed less than ten percent of the total annual amount assessed by the Minnesota Comprehensive Health Association.

- Accident only
- Accidental Death and Dismemberment
- Blanket Accident and Sickness
- Dental
- Disability Income
- Dread Disease (not fixed indemnity)
- Health Plan policies issued as stop loss coverage pursuant to Minn. Stat. §60A.235, subd. 3 (1)
- Individual Health Plan
- Large Employer Group Health Plan
- Small Employer Group Health Plan
- Short Term Coverage
- Vision
- Any "other" health insurance policy eligible for sale in Minnesota that is not found on the following "exempt" list.

Minnesota law assigns specific minimum loss ratio requirements to several kinds of insurance. These kinds of insurance are exempt from the 60% loss ratio requirement of Minnesota Statutes, section 62A.021, subdivision 1(g). The Minnesota Department of Commerce will continue to require the statutory minimum loss ratio specifically prescribed for each of the following kinds of insurance:

- Credit Health
- Fixed Indemnity
- Long Term Care
- Medicare Supplement